

## **\*2.3 FIRE BOND UPDATE**

### **Update on Fire Bond Implementation and Appropriation of Fire Bond Proceeds**

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**Executive Summary:** The Fire Safety Bond measure (Measure R) passed in November 2002 by a 74% vote and provides funding to replace Fire Station #8 (North Fremont), Fire Station #2 (Niles), and Fire Station #6 (Centerville) with new modern stations, make remodeling and seismic improvements to seven existing fire stations, and build a public safety training center. The purpose of this report is to provide an update on implementing the bond measure, recommend \$8.3 million in project appropriations, and discuss a future bond issuance under the current voter approved measure to be considered at a future Council meeting in February or March 2005.

**BACKGROUND:** The Fire Safety Bond measure originated from the Capital Improvement Program process, which identified a large, unfunded capital need in the Fire Department. In November 2001, the Council directed staff to explore options for a revenue measure that could fund public safety related capital improvements. The evaluation of options led to developing a list of projects and ballot language for a general obligation bond measure focusing on improvements to the Fire Department's facilities. On July 2, 2002 the City Council approved the submission of the Fire Safety Bond to the voters of the City of Fremont at the November 5, 2002 election, with the following ballot language:

#### **Bond measure language:**

To improve Fremont's fire safety and emergency response capability by replacing three small, substandard fire stations; strengthening the remaining seven fire stations to better withstand earthquakes and serve the community after an emergency; and building a public safety training center, shall the City of Fremont issue \$51 million in general obligation bonds at the lowest interest rates possible, with the moneys deposited in a special account to be used only for these projects? YES NO

The measure passed by 74.4% of the vote, and staff began implementing the measure in the following spring. Since that time, the Council has taken several actions related to the projects, including:

Date	Item
May 13, 2003	Authorized issuance of \$10 million in Fire Safety Bonds
May 13, 2003	Awarded design contract to Noll & Tam Architects for retrofit projects
Oct. 7, 2003	Adopted a resolution of necessity to acquire the future Fire Station #8 site, an approximate 1-acre vacant lot across from the Brookvale shopping center.
February 3, 2004	Awarded design contract to WLC Architects for three new fire stations
May 11, 2004	Awarded construction management contract to Harris & Associates for Fire Bond construction projects
June 1, 2004	Awarded construction contract for Fire Stations #4,5,9,10
October 12, 2004	Approved Fire Station #8 plans and adopted zoning for project
October 26, 2004	Adopted a resolution of necessity to acquire the future Fire Station #6 site, a 2.5-acre site at the corner of Dusterberry Way and Central Avenue.
December 7, 2004	Awarded construction contract for Fire Station #7 project

The remainder of this report is divided into three sections: Project Status; Project Budgets and Appropriations; and Fire Bond Program Financing. Two enclosures – entitled Project Descriptions and Project Schedule – aid in providing background on the Fire Bond implementation.

#### **PROJECT STATUS:**

Staff has broken down the Fire Bond projects into three groupings of projects based on the type of project, and the following table summarizes these groupings. A more detailed status on the projects follows the table on the next page.

Project	Location	Total Project Budget	Status
<b>MINOR SEISMIC RETROFIT PROJECTS</b>			
Fire Station #4 (Mission San Jose)	Pine St and Paseo Padre	\$819,000	Done
Fire Station #5 (Warm Springs)	Hackamore Lane and Warm Springs Blvd	\$632,000	Construction
Fire Station #9 (Stevenson)	Stevenson Place and Stevenson Blvd	\$643,000	Done
Fire Station #10 (Ardenwood)	Deep Creek Rd and Paseo Padre	\$1,100,000	Construction
<b>MAJOR REMODELING AND SEISMIC RETROFIT PROJECTS</b>			
Fire Station #7 (Grimmer)	Grimmer and Auto Mall	\$4,664,000	Construction
Fire Station #3 (Irvington)	Chapel Way and Fremont Blvd	\$3,300,000	Schematic design
Fire Station #1 (Central)	Fremont Blvd and Mowry	\$4,281,000	Schematic design
<b>NEW CONSTRUCTION</b>			
Fire Station #8 (North Fremont)	Fremont Blvd across from Brookvale Shopping Ctr	\$7,844,000	Construction documentation
Fire Station #2 (Niles)	Proposed site: Niles Blvd & G St	\$6,565,000	Site acquisition
Fire Station #6 (Centerville)	Central Ave & Dusterberry	\$11,595,000	Schematic design
Training Center	To be determined	\$12,151,000	Site selection
Station Furnishing & Equipment		\$94,143	
Unallocated Fire Bond Funds		\$101,000	
<b>TOTAL</b>		<b>\$53,789,143</b>	

**Fire Stations #4 (Mission San Jose), #5 (Warm Springs), #9 (Stevenson), and #10 (Ardenwood):**

The scope includes structural improvements with minor remodeling. Construction started on Fire Stations #4 and #9 last summer, and on Fire Station #5 in the fall. Construction is nearing completion on all three stations, and the contractor will start Fire Station #10 this winter. Construction is ahead of schedule and on budget. The work at these four stations will be completed by this summer if not sooner. Independent of the retrofit project, staff completed design of a storage building for Fire Station #10. A companion item on the Council Agenda considers the award of the contract and project appropriations for that work. This staff report recommends reducing the project appropriation for Fire Station #4 by \$70,000 to reflect the deletion of a solar panel installation and minor changes to the project appropriations of each station to reflect the projected level of final project costs.

**Fire Station #7 (Grimmer):** The scope includes structural improvements, complete remodeling, building addition, and a storage building. The Council awarded the main construction contract on December 7, 2004, and a companion item on the Council Agenda considers the award of the contract and project appropriations for the storage building component. Construction will start this winter and finish in a year. An on-site temporary facility has been completed and will house the engine company throughout the duration of the project, while the truck company moves to Fire Station #4 for the construction period.

Staff designed an apparatus bay expansion for Fire Station #7 as an additive alternate to the base construction plans, and recommends including the scope of work in the project. There is minimal existing clearance for the apparatus, and the scope of alternate work extends the three bays by eight feet to the rear. The contractor bid \$292,800 for the apparatus bay expansion alternative, but it was not included in the contract award because the total contract amount would have exceeded the established budget for the award. Following the contract award, staff negotiated a price of \$166,000 for the apparatus bay expansion, which fits within the established budget for the project. This staff report recommends authorizing an increase to the construction contract amount for the apparatus bay extension and appropriating the \$183,000 needed to bring the budget back to the amount established for the bid and to fund the contract increase with a 10% contingency.

**Fire Station #1 (Central) and Fire Station #3 (Irvington):** The scope includes structural improvements with major remodeling and building addition. The design has started on both stations and will proceed simultaneously with the goal of maximizing efficiencies in design and permitting. The scope of work has changed from the original programming completed in 2000. With the outsourcing of the dispatch function that had been located at Fire Station #1, the project no longer includes a building addition. However, staff is designing a small building addition for expanding the living area and apparatus bay area at Fire Station #3. This 1978 fire station is currently 4,650 square feet, compared to the other fire stations that will start at 6,170 square feet when the Fire Bond measure is fully implemented.

**Fire Station #8 (North Fremont):** The scope includes a new 10,000 square foot station on a 0.86-acre lot across from the Brookvale shopping center to replace the existing Fire Station #8 on Darwin Drive. The City completed acquisition of the site a year ago, and adopted a major amendment to the Planned District zoning to approve the use and project design. The project is now in the construction document phase. It is scheduled to go out to bid this spring and construction should start this summer. The project continues to track on budget, and this staff report recommends no new project appropriations for design.

In its adoption of the Planned District for Fire Station #8, the City Council directed staff to consider architectural changes such as modifying the roof line and façade materials. Staff explored options to improve the architecture of the building and made several changes to address the Council's direction. The two most notable changes are increasing the height of the tower element and covering the split face block façade on the front of the building with a pre-manufactured cultured stone veneer. A color rendering of the new architecture is enclosed. Staff is not planning to return to Council for discussion of the architecture unless directed by the Council. The design changes fit within the project budget.

The project currently includes emergency vehicle preemption (EVP) at the Fremont/Nicolet and Fremont/Tamayo intersections because of the mid-block siting of the Fire Station. The City Council directed staff to evaluate expanding the EVP system to include Decoto and Fremont Blvd. which is about ½ mile away. Staff determined the response time coverage of the area north of Decoto Road has not been compromised by the relocation of Fire Station #8 to the south of Decoto Road, even though Decoto and Fremont Blvd. is one of the busiest intersections in Fremont and does not currently have an EVP.

The Fire Department considers a citywide EVP system a high priority CIP project for improving overall response times. The Decoto intersection work is one of the high priority locations recommended in the proposed project. Staff will be applying for a Federal grant to fund the EVP system.

City Council policy, as adopted by resolution, requires that 1% of the capital construction budget for new buildings costing more than \$500,000 have public art. The Art Review Board has met three times on the project, and it recommended that staff award an honorarium to the artist Roberto Delgado to produce a proposal and sample of a tile art piece to be incorporated at the front entry of the building and along the south wall of the entry toward the apparatus bay above the stone veneer wainscoting. The Art Board requested that the proposal depict firefighter images and shapes, and be figurative in nature. The Art Board had previously selected Roberto Delgado for the Fire Station #11 project that has been postponed. If the Art Board ultimately accepts the proposal, it will recommend it to the Recreation Commission, which in turn will make a recommendation to the City Council for approval.

**Fire Station #6 (Centerville):** The scope includes a new 13,000 square foot station, storage building, and a possible training classroom facility (part of Training Center project) at a 2.5 acre site at the corner of Central and Dusterberry. The City is finalizing acquisition of the site, and schematic design of the new station is progressing. Staff directed the architect to design with an identifiable Spanish Revival (or, Bay Area Mediterranean) theme to make a prominent civic statement with a traditional and historical feel. There have been two community meetings on the project to-date, with an attendance of two people at one and eight at the other. Those present were in agreement with the concepts presented. A conceptual design for the station is enclosed for any preliminary comment the Council may wish to provide. The design will go to the Planning Commission later this year as part of a Planned District application and then return to the City Council.

**Fire Station #2 (Niles):** The scope includes a new 7,000 square foot station to replace the existing station on Second Street near H Street. The current preferred site is a .44 acre site comprised of two properties at the corner of Niles Blvd and G Street (the vacant lot and the blue tax office building at 37275 Niles Blvd). For purposes of the environmental review of a possible acquisition, staff commissioned a historical assessment of the tax office building because a noted architect, William Wurster, designed the building in 1941. The historical assessment should be completed in January. Staff

also scheduled a community meeting on January 5, 2005, to hear community input on the site. The City Council will consider next steps on a possible acquisition of the site in an upcoming meeting. The backup site for the project is the existing fire station site. Staff has completed initial community outreach and design of the project for that location.

**Training Center:** The scope includes a joint Fire and Police training facility consisting of classrooms, drill tower and training grounds, training props, and a gun range. The original bond measure assumed that the center could be built on a two-acre lot at the far western end of Stevenson Blvd, for which the City holds a \$1 option as part of the Pacific Commons Development Agreement. Upon initial study of the training facility, staff concluded that a larger site would enable a much more effective facility. Major public safety training facilities start at about 4 acres, even in urban areas, and can be more than 20 acres.

Staff is exploring regional partnerships that could make the training center project more effective. Staff has also discussed the idea of locating the training center on 5-10 acres of the municipal parcel, a 40 acre lot on Auto Mall Parkway near the landfill that the Redevelopment Agency owns. The site is zoned for public and quasi public facilities, but there are no specific plans. Staff plans to study the site improvement costs and land use compatibility to assess this location for the public safety training center.

**PROJECT BUDGETS AND APPROPRIATIONS:** This staff report recommends appropriating current and future Fire Bond proceeds to each project, where the Council has not already done so, to cover soft costs. Soft costs include staff administration, design, construction management, geotechnical fees, surveys, permits and other agency fees, special inspections, and public art for new construction. The report also recommends appropriating the land acquisition costs for Fire Station #6, and authorizing a furnishings budget for the projects and appropriating funds into that account. Staff will recommend appropriations for the construction costs in the upcoming Capital Improvement Program, and will recommend adjustments to project appropriations when project-specific items are brought forward for Council consideration. Council is able to appropriate future Fire Bond proceeds because they are a committed revenue fund.

The table on the next page summarizes the project budgets and the appropriation recommendation for each project. Each project budget, with the exception of the training center and the Fire Station #2 project, is based upon recent professional cost estimates and includes appropriate levels of contingency depending on the stage of design or construction. Contingency levels for design start at 20% for the major retrofits and 10% for the new fire stations, and construction contingencies for the remaining projects are set at 10% of the estimated construction cost. The project team lowers contingencies as projects successfully progress, and any leftover funds flow back to the category of Unallocated Fire Bond funds.

Station	Total Project Budget <sub>2</sub>	Appropriations to-date <sub>1</sub>	Recommended additional appropriation	Notes
Fire Station #1 (Central)	\$4,281,000.00	\$426,997.75	\$421,000.00	Covers estimated soft costs.
Fire Station #2 (Niles)	\$6,565,000.00	\$487,740.41	\$784,000.00	Covers estimated soft costs. Budget corresponds to the preferred site on Niles Blvd.
Fire Station #3 (Irvington)	\$3,300,000.00	\$338,136.46	\$338,000.00	Covers estimated soft costs.
Fire Station #4 (Mission)	\$819,000.00	\$911,187.90	(\$92,187.90)	Covers estimated total project costs - minor adjustment due to final cost-to-complete projection.
Fire Station #5 (Warm Springs)	\$632,000.00	\$620,449.60	\$11,550.40	Covers estimated total project costs - minor adjustment due to final cost-to-complete projection.
Fire Station #6 (Centerville)	\$11,595,000.00	\$826,669.47	\$4,313,000.00	Covers estimated soft costs and land costs.
Fire Station #7 (Grimmer)	\$4,664,000.00	\$4,480,961.64	\$183,038.36	Covers estimated total project costs - increase to cover apparatus bay expansion.
Fire Station #8 (North Fremont)	\$7,844,000.00	\$7,843,557.18	\$0.00	Covers estimated total project costs - no change.
Fire Station #9 (Stevenson)	\$643,000.00	\$606,590.00	\$36,410.00	Covers estimated total project costs - minor adjustment due to final cost-to-complete projection.
Fire Station #10 (Ardenwood)	\$1,100,000.00	\$1,091,174.50	\$8,825.50	Covers estimated total project costs - minor adjustment due to final cost-to-complete projection.
Training Center	\$12,151,000.00	\$340,807.00	\$2,286,000.00	Covers estimated soft costs.
Station furnishings & equipment	\$94,143.00	\$94,143.00		For expenses not eligible for Fire Bond proceeds as recommended herein.
Unallocated Fire Bond funds	\$101,000.00			
<b>Total</b>	<b>\$53,789,143.00</b>	<b>\$18,068,414.91</b>	<b>\$8,289,636.36</b>	

**Notes:**

1. Assumes Council approval of companion item on award of construction contract for storage buildings.
2. Assumes a contribution of Redevelopment Agency funding to cover additional costs associated with the current preferred Station #2 site in Niles.

**FIRE BOND PROGRAM FINANCING:** The bulk of funding for the Fire Bond implementation – \$51 million – comes from proceeds of the sale of General Obligation (GO) bonds. The bond measure language specifies that the financing for the Fire Bond projects be GO bonds. GO bonds are secured by an ad valorem tax levy (based on assessed value) determined by the City, and because of the nature of the security, GO bonds normally have lower borrowing costs than other types of fixed rate debt. Interest earned on the short-term investment of bond proceeds will generate another \$250,000 for the Fire Bond program over the program duration.

The Fire Bond program includes limited funding from other sources. The Fire Station #8 project has \$917,000 in funding from Fire Impact fees, which have been calculated and paid by developers for this specific purpose. Other relatively minor costs for such things as security card access or pavement repair at the retrofit stations are being coordinated with the maintenance staff and their budgets for capital maintenance. Staff has also surfaced the concept of using up Redevelopment Agency funding from its Opportunity Fund to provide gap funding for the Fire Station #2 (Niles) project to cover additional costs associated with acquisition and development of the preferred site on Niles Blvd. Staff will request the Redevelopment Agency consider such an allocation of these funds at a later date, if appropriate, once final decisions are made by the Council regarding the location and design of this station.

The City sold its first issue of bonds with an aggregate amount of \$10 million in July 2003, and staff is recommending that a second issue with an aggregate amount of \$25 million be sold in the spring of 2005. Based upon the project schedule and projected drawdown of Fire Safety bonds, the City will have expended all of the proceeds from the first issue by May 2005. Staff will be returning to the Council in February or March to seek authorization to sell a second issue. The recommended amount of the proposed second issue is an estimate of total project costs that will be incurred and paid in the next two years. A two year timeframe is used because the City would have to restrict the yield it can earn on investing the bond proceeds or refund the excess investment earnings to the federal government if funds are not spent within a two year period.

Generally, the cost associated with furnishing and equipping the Fire Safety Bond projects cannot be paid for with bond proceeds due to State Law governing GO bonds. To allow for the purchase of furnishings and equipment required for the Fire Safety Bond Program, staff recommends that the City Council authorize the transfer of the unencumbered balance of \$74,143 from the Fire Station Seismic Retrofit Project (PWC8441) to the Fire Safety Bond 2002 Project (PWC8526). Both of these projects were originally established for preliminary design, analysis, and staff costs associated with the development of what became the Fire Safety Bond Program. Both of these projects are funded with 501 (General Fund) Capital Improvement Funds that are an eligible source of funding for station furnishings and equipment. The Fire Safety Bond Project currently has an unencumbered balance of \$20,000. Therefore, with the transfer of \$74,143 from PWC 8441, PWC 8526 would have a total of \$94,143 available. Staff also recommends changing the name of PWC 8526 to "Fire Safety Bond Program Furnishings and Equipment" to more descriptive of the project.

#### **ENCLOSURES:**

- Fire Bond Project Descriptions
- Fire Bond Project Schedule
- Fire Station #6 (Centerville) Conceptual Site Plan and Front Elevations
- Fire Station #8 color rendering of front elevation

#### **RECOMMENDATION:**

1. Appropriate funds from the Fire Safety Bond revenue fund (208) to the Fire Station projects and the Training Center project in the following amounts: Fire Station #1 PWC 8551 (\$421,000), Fire Station #2 PWC 8549 (\$784,000), Fire Station #3 PWC 8552 (\$338,000), Fire Station #5 PWC 8554 (\$11,550.40), Fire Station #6 PWC 8531 (\$4,313,000), Fire Station #9 PWC 8556 (\$36,410), Fire Station #10 PWC 8553 (\$8,825.50), Training Center PWC 8557 (\$2,286,000); and reduce the appropriations at Fire Station #4 PWC 8555 by \$92,187.90.



2. Authorize the transfer of \$74,143 from the Fire Station Seismic Retrofit Project (PWC 8441) to the Fire Safety Bond 2002 Project (PWC 8526 and rename PWC 8526 to “Fire Safety Bond Program Furnishings and Equipment.
3. Authorize the City Manager to execute a change order of \$166,000 with Sausal Corporation for Fire Station #7 Apparatus Bay Expansion, and appropriate \$183,038.36 from the Fire Safety Bond revenue fund (208) for the added work.

